

98-84381-25

Smee, William Ray

Letter to the Chancellor  
of the Exchequer...

Paris

1863

98-84381-25  
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES  
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

332.6  
Z Smeo, William Ray.  
v.5 Letter to the Chancellor of the Exchequer and  
the Governor of the Bank of England, on the Stock  
certificates to bearer bill ... Paris, Brière,  
1863.  
8 p. 23 $\frac{1}{2}$  cm.  
Volume of pamphlets.

RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 10:1

IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 4-2-98

INITIALS: fb

TRACKING # : 32725

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

P5  
52

332 6

2

ms

LETTER

TO THE

CHANCELLOR OF THE EXCHEQUER

AND THE

GOVERNOR OF THE BANK OF ENGLAND

ON THE

STOCK CERTIFICATES TO BEARER BILL

BY

WILLIAM RAY SMEE, Esq., F.S.A.

---

*(Printed for private circulation.)*

---

PARIS

PRINTED BY E. BRIÈRE, 257, RUE SAINT HONORÉ

---

1863

332.6  
Z  
v. 5

13  
87-109-8-10

Du choc de la discussion jaillit l'effincelle de la vérité.

BURTON.

The following letter, varying slightly in its form has been addressed to the Chancellor of the Exchequer and the Governor of the Bank of England, and is now published. The argument is taken from the speech of the Chancellor of the Exchequer on introducing the Bill.

In any given number of years the proposed measure will probably, on the average, lower the price of the English Funds. Undoubtedly in prosperous times the effect will be to raise, but the raising of the price is then not wanted and will do no good. Money will be abundant, capitalists and others will have more than they require, and some of this superfluous wealth will seek temporary investment in these Securities, and the price of the Funds will rise.

But in adverse circumstances, this process will be reversed. Public opinion alone will operate upon the value of funded property; but this force of opinion will be increased by the power given by this Bill to rapidly make sales of Stock for money, and the temporary Holders will be eager to force their Certificates upon the Market, because the first Sellers will ensure the highest price.

The little delay at present required to make a transfer of Stock acts not unfavourably on the interests of the great majority of Stock Proprietors. It gives opportunity for consideration, and by enforcing their attendance

either by themselves or their Attorneys at the Bank of England, a loss of time is certainly occasioned, but which facilitates the arrangements of the Money Market, and when acting on so gigantic a capital diminishes the chances of a sudden panic and a great fall.

France and England are not in this respect placed in the same circumstances, and the Debt of England stands alone in its magnitude. France has a larger population; yet the money value of the French Debt, at the present price, and based on the figures given in the Budget of 1863, is only 330 millions sterling, whilst that of England is at least 750.

The other part of the question : its effect upon society, is one to which too great consideration cannot be given. Let these Certificates to Bearer pass from hand to hand, like a Banknote, and in practice it will be found that much of the security of the Funds will be diminished, and large sums of money will be disposed of out of their proper channels. After these Securities are purchased and repurchased upon the Market, it will be of little avail to call in question the title of some former Seller. Nor is any object gained by giving to every Stock Proprietor the power to change away his Registered Stock. It is a power which under ordinary circumstances is not wanted, and it is admitted will not be used ; but when used it will surely be for private purposes and probably never in accordance with the interests of the revenue.

The measure will be of service to Bankers and others, because it will enable them to hold these Certificates as Securities at all hours convertible into Banknotes. It is therefore suggested that the Bill should be limited to those to whom it will be useful in their business trans-

actions. It is supposed that 97 or 98 per cent. of the National Debt will remain unaffected by the measure; if then the remaining 2 or 3 per cent. only were brought under the operation of the Act, the excellent object of the Chancellor of the Exchequer would be attained.

Although the measure thus limited will for the reasons given above probably not raise the value of the Funds, yet it will accomplish good by increasing the facilities of borrowing money upon and in selling Stock by those much interested in doing this quickly, and it will certainly be productive of no social or general disturbance.

28, Rue de la Madeleine,  
PARIS.  
9th May, 1863.

SIR,

The question of the transfer of Stock to Bearer, is one which I much considered when remodelling the National Debt Departement of the Bank of England, for the purpose of abolishing the shuttings, and I respectfully solicit permission to make the following observations.

My conclusions at that time materially differed from those now embodied in the Bill before the House of Commons. I thought that if any extra facilities should be given for the transfer of Stock, it should only be to the Joint Stock Banks, to private Bankers, to Members of the Stock Exchange dealing in the English Funds, and perhaps to those few persons who have now the special indulgence to make transfers of Stock at the Bank of England, without the employment of a Broker.

To accomplish this, two classes of Certificates might be issued, one to Bankers for large amounts, and one to Members of the Stock Exchange for smaller sums, but perhaps not less than 1,000*l*. These Certificates would give for the purposes of commerce and for borrowing money on Stock all needful facilities. They could be made out in the name of the Holder, could be endorsed over from hand to hand with little or no risk from Banker to Banker, or from one Member of the Stock Exchange to another; but their endorsement to other parties might be rendered illegal and their general circulation might be wholly prohibited. The signatures of the above parties are all necessarily known at the Bank of England, hence the risk would be very small if any, and every endorsement might be witnessed to render the signature legal.

But should the legislature authorize that every Holder of Stock should have the option of exchanging his Registered Stock for Certificates to Bearer, many evils would arise, particularly if the scheme were largely carried out.

An increased facility of sale of Stock would be given, hence on any untoward political or disastrous commercial event, Stock could be forced more quickly upon the Market. This would cause greater fluctuations in the price than at present, might even create a panic, which would be increased by the subdivision of the Stock into small Certificates, as proposed, thereby creating a new class of Holders, the class now in the Savings Banks, who, as more ignorant, would be more frightened, and acting in masses, would aggravate the present variations in price, and which would in the long run tend rather

to lower than to raise the value of the National Debt.

Moreover should these Certificates of Capital pass from hand to hand, like a Banknote, it would follow that a Stock Holder seriously ill would convert his Registered Stock into these Certificates that he may dispose of them whilst still living, or deposit them in letters directed to persons, who are to open them on his death, without legacy or probate duty, or even a will. It is obvious that many Certificates for large amounts would be transferred every year, and thus pass free of all duty by a parent taking out the word "bearer" and writing in that of his own child.

A Stock Holder, too, when weakened by disease may be cajoled out of them by designing persons to the ruin of his own relations, and the capital may go in a way not intended when in health, or for purposes which the Courts of Law would not sanction. To this evil single ladies of fortune and persons far advanced in life will be particularly exposed.

Hence impediments rather than facilities should be thrown in the way of a too easy exchange of large sums of money, other than for the purposes of commerce, and the transfer of valuable property should at least be signed and dated, that the circumstances if necessary may be investigated.

The Chancellor of the Exchequer states that it is not his intention to fundamentally change the existing arrangements of the Money Market, and that the great bulk of the Stock would always continue to be as at present in the registered form, and that only 2 or 3 per cent. of the National Debt, or even less, would be converted into these Securities. The scheme therefore is not submitted

as a general, but as a partial measure: Is it then wise to make it apply to all Stock Proprietors?

My conviction is that the legislature itself should limit the operation of the Act, should specify the gross amount of the Certificates that may be issued, and that every Stock Proprietor should not be allowed at his own time and for his own purposes to thus change his registered Stock.

The National Debt of England, vast in amount, acts upon all monetary transactions, as if it were solid wealth at all times convertible into gold. But it is a fictitious wealth based wholly upon credit and upon the paper system. No Holder who has placed his money in this paper property can obtain it again unless a purchaser for the same can be found. Hence it is almost impossible to estimate the shock that may be given to this system of credit by the adoption of a scheme permitting an almost unlimited amount of Stock to be thrown any hour upon the Market.

I therefore most earnestly solicit the Court of Directors of the Bank of England to maturely consider, before the Bill passes and before it is too late, the embarrassment that may be created by the Bill in its present shape, from this rapid *bonâ fide* sale of Stock on all monetary and commercial transactions.

I have the honour to be,

Sir,

Your obedient servant,

WILLIAM RAY SMEE.

**END OF  
TITLE**